No. 8397

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

FRED S. LEON and DAGMAR LEON, doing business as Numerical Directory Co.,
Appellants,

vs.

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY (a corporation),
Appellee.

APPELLANTS' REPLY BRIEF.

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I. CORRECTED STATEMENT OF THE CASE.

It is stated in appellee's brief (p. 5) that the questions involved in this appeal are:

> "(a) Whether appellee's copyrights of its directories are valid, and
>
> (b) Whether appellants, by copying the information into their directories, have infringed the copyrights."

This statement is incomplete, since as set forth in the record (Assignments of Errors, Tr. pp. 105-109) and in appellant's brief (pp. 3-5), the appeal also raises the question of whether appellee offered sufficient evidence during the trial of the cause to support the ruling of the District Court in refusing to

dismiss the bill of complaint as to the appellant Dagmar Leon.

It is therefore believed that the issues raised are more accurately set forth in appellants' opening brief and reference will be made thereto in presenting this argument.

II. BENEFITS TO PUBLIC FROM USE OF NUMERICAL TELEPHONE DIRECTORY FAR OUTWEIGH ALLEGED INCONVENIENCE RESULTING FROM OBSOLESCENCE OR ERROR THEREIN.

The appellee's argument that use of appellants' numerical telephone directory would be harmful to it in the operation of its telephone business through the calling of wrong numbers (appellee's brief pp. 19-20) ignores the plain facts. The principal use of appellants' *numerical* telephone directory is not the *placing of calls.* This was plainly illustrated by the uncontradicted testimony of William E. Church, a telephone man, who said (Tr. pp. 96-97):

> "The outstanding purpose that I see for this is that most any business office, in my experience, gets quite a number of calls, when you are out of your office, to be called back. * * * with this directory I could check those calls and see whether it was some salesman or someone seeking employment, and ascertain approximately what their business was and whether it was necessary to make the return call."

Appellee's witness Woltman testified (Tr. p. 64):

> "I understand that a numerical telephone directory is used very largely for check-up on

names of somebody, some person who has called and left a number."

The appellee does not and cannot deny that appellants' numerical telephone directory is an extremely useful publication in the face of the indisputable evidence adduced at the trial.

Appellee's witness Calendar testified (Tr. p. 85):

"The numerical directory is a convenience if it contains accurate information."

Appellee's counsel admitted (Tr. p. 89) a numerical telephone directory is a useful publication, in so far as it is accurate and kept up to date.

That appellants' numerical directory is as up to date as appellee's corresponding alphabetical directory is clearly admitted by appellee. Its witness Woltman testified as follows (Tr. p. 63):

"As to the numerical telephone directory containing obsolete material the same is true of the telephone company's alphabetical directory. As to certain numbers and certain information contained therein it is obsolete the day it comes off the press."

Appellants' witness Church testified (Tr. p. 96):

"In my opinion as a telephone man the directory I hold in my hand has a very useful purpose."

In contrast to this clear and convincing proof, we have such meager evidence in support of the alleged "harm" which appellee claims will result from publication of appellants' numerical directories, that it is

apparent that the "harm" is purely imaginary. For instance, appellee's witness Woltman, under cross-examination, had this to say:

> "I cannot say absolutely whether the publication of that particular directory has been hurt in any way, or was hurt in any way by the defendants' publication of its Numerical Directories, for this reason, that when complaints are received of difficulties in placing numbers and getting calls, etc., it is our practice to straighten out the difficulty, give the customer the information, whatever the nature of the case may be, as rapidly as we can, and without questioning him. So in our complaint records the source of a complaint would not show. That is to say, whether it was a mistake in the numerical directory, or whatever it might be."

We submit that the evidence indicates that use of appellants' numerical directory would be beneficial to the public and appellee's subscribers, and the convenience thereof would far outweigh any inconvenience resulting from obsolescence or error of said publication.

III. FACTS OF PRESENT CASE DISTINGUISHED FROM APPELLEE'S PRINCIPAL AUTHORITY. (Cincinnati & Suburban Bell Tel. Co. v. Brown.)

The appellee relies in its brief (p. 21) on the decision in *Cincinnati & Suburban Bell Telephone Co. v. Brown* (D. C. S. D., Ohio, 1930), 44 Fed. (2d) 631, for support in its argument that the fact that the public may be annoyed and a telephone company *may*

be caused additional expense by the use in other directories of the information contained in the telephone company's alphabetical directories, should be taken into consideration in determining whether the use of such information is a fair use or infringement.

When the decision in *Cincinnati & Suburban Bell Telephone Co. v. Brown* is studied, it is obvious that the case turned on an entirely different point. In the first place the ruling is based only upon such proceedings as were had on the plaintiff's application to the court for a *temporary injunction.* The facts developed at that stage of the proceeding, as revealed by the decision itself, were simply these: Brown had compiled an *alphabetical* classified directory, copying in its entirety the *alphabetical* section of the plaintiff's book. The court observed, from the meager showing made on behalf of Brown, that the only purpose of publishing Brown's alphabetical telephone directory was to sell advertising space therein and *it had no useful purpose.* Consequently, the book published by Brown merely duplicated the use of the telephone company's alphabetical directory, and obviously supplanted the use of the same in some degree. That the Brown directory was a poor copy of the original was also deemed an important factor. These facts are apparent from the following language used by the court:

> "The defendants—I have no criticism to offer as to either of them—perhaps if they had been here might have been able to throw some light on the situation. It seems reasonable to suppose that these lists of names and addresses have

> been taken by defendants from the directory of the telephone company. *They* do not contain any new numbers, and *are no aid to the public or to the subscribers. They do not seem to me to be of any assistance to anybody, save only as mediums of advertising for such profit as these defendants can make out of them.* There is nothing unlawful in that; they have a right to advertise, but without some explanation from them, or without somebody who can speak for them (and Mr. Allen cannot do that as he has not been informed), I think the court should issue an injunction." (Italics supplied.)

Nevertheless, and notwithstanding these facts, the court seemed extremely doubtful that the telephone company in that case was entitled to injunctive relief against the copying of portions of the alleged copyrighted alphabetical telephone directory, for we read (p. 632):

> "Whether or not, strictly speaking the telephone company is entitled, under the strict rules of copyright law, to this (preliminary) injunction, I am not going to pass on it at this time." (Matter in parentheses supplied.)

In so far as the reports show there never was a trial on the merits of the controversy between the parties to *Cincinnati & Suburban Bell Telephone Co. v. Brown.*

There is no such resemblance between the directories in the case at bar as in the *Cincinnati & Suburban Bell Telephone Co. v. Brown,* for the simple and obvious reason that here the books are diametri-

cally opposed in purpose, textual matter and, necessarily, arrangement. As has been heretofore pointed out, the primary use of an alphabetical telephone directory is to determine the telephone number of a particular person, as an aid to placing a telephone call, while the primary purpose of a numerical telephone directory is to determine the identity of the subscriber to a particular telephone number. Although the information to be gleaned from a numerical directory may be utilized in placing a call, that is not necessarily its most beneficial or important use.

We submit that appellee finds no support for its contentions in *Cincinnati & Suburban Bell Telephone Co. v. Brown,* supra.

IV. DOCTRINE OF FAIR USE WELL SETTLED IN COPYRIGHT LAW, ACCORDING TO APPELLEE'S OWN ADMISSION.

The position of the appellee in response to the argument that the doctrine of fair use is applicable to the facts of the case at bar, is a little difficult to grasp. At page 15 of its brief appellee speaks of this principle of law as "somewhat nebulous", while on page 18 of its brief a good, terse statement of the rule is given to preface a poor attempt to show inapplicability to the facts in this case. We quote from appellant's brief, page 18:

> "The reasons, however, assigned by the authorities (App. Br. pp. 26-27) for the applicability of the doctrine of fair use in the case of books used for different or non-competitive purposes are (a) that the demand for the original copy-

> righted work will not be diminished and (b) that the profits of the original proprietor will not be prejudiced or diminished by the use of the copyrighted material in the second work."

We agree that this is a proper statement of the rule of fair use and we think its applicability could not be made plainer than by the following statement appearing at pages 18-19 of appellee's brief:

> *"Although there is no evidence in the case that the demand for appellee's directories will be diminished or that its profits from the publication of its directories will be prejudiced or diminished,* it is clear from the evidence that the copying by appellants into their own books of the information from appellee's books will be harmful to appellee in the operation of its telephone business." (Italics supplied.)

We contend, on behalf of the appellants, that the appellee admits the doctrine of fair use is applicable and controlling in this case and the force of the admission is not lessened by appellee's attempt to misfit the proven facts to the rule. It is said (appellee's brief p. 18, quoted above) that:

> "* * * it is clear from the evidence that the copying by appellants into their own books of the information from appellant's books will be harmful to appellee in the operation of its telephone business."

but it is to be noted that the evidence referred to is so unsatisfactory and meager as to leave no doubt but the alleged "harm" is purely feigned.

Appellee first refers to "quite a lot of trouble" which is alleged to have been caused by a numerical telephone directory in San Francisco many years ago. (Appellee's brief p. 19.) Unfortunately, we are not acquainted with history of the older publication, but suffice is to say that the naked reference thereto by appellant's witness Calendar (Tr. p. 85) does not prove that by publication or use of appellants' numerical directories, appellee has been harmed.

It is also proper to observe, we think, that it is the financial harm to the proprietor of the first or copyrighted book *in the business of selling that book* (as by lessening of sales) which the law aims to protect, not some indirect and inconsequential or trifling harm not affecting the proprietor's revenue from his work.

DeWolfe, On Outline of Copyright Law, pp. 142-143;

Weil, Law of Copyrights, Section 1135.

While appellee refers (appellee's brief pp. 19-20) to errors in appellant's numerical telephone directories as a source of harm to it in the operation of its telephone business, it cannot be heard to say that with or without a few errors, a numerical directory will diminish the demand for its alphabetical telephone directory, or prejudice its profits, or supersede the objects of the original work. As between an alphabetical telephone directory and a numerical telephone directory we believe all else is immaterial.

CONCLUSION.

In closing, we think it only fitting and proper to point out again that in so far as appellants have been able to determine by exhaustive research, this is a case of first impression. It is apparent that the appellee concurs in the conclusion since its brief is devoid of authority passing on issues such as we have in the case at bar. An interesting fact is that so recent a text as *Amdur, Copyright Law and Practice* (1936 Edition) (published after this suit was instituted) confirms the lack of precedent by citing none.

However, it is thought, and therefore respectfully contended (in the event that, over our objection, this court upholds the validity of appellee's copyrights), that the publication of a *numerical* telephone directory, compiled from the lists of names and telephone numbers of a copyrighted *alphabetical* telephone directory is a *fair use* of such material and not an infringement of the copyright.

Wherefore, it is respectfully urged that the judgment of the District Court may be reversed in order that justice may be done in the premises.

Dated, San Francisco,
April 30, 1937.

Respectfully submitted,
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